STATE OF WASHINGTON DEPARTMENT OF FINANCIAL SECURITIES SECURITIES DIVISION

IN THE MATTER OF DETERMINING Whether there has been a violation of the Franchise Investment Protection Act Washington) by: Dr.'s Own, Inc., Joseph Paul, also know as Joseph Politroni and Joseph Polifroni, Mark	S-03-080-03-CO01 CONSENT ORDER AS TO DR.'S OWN, INC., JOSEPH P. PAUL, ALSO KNOWN AS JOSEPH POLITRONI AND JOSEPH POLITRONI, AND MARK WALSH
Walsh, their agents and employees:	CASE NUMBER S-03-080
Respondents.	
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Pursuant to the Franchise Investment Protection Act of Washington, RCW 19.100, the Securities Division of the Department of Financial Institutions ("Securities Division") and Respondents, Dr.'s Own, Inc., Joseph P. Paul, also known as Joseph Politroni and Joseph Polifroni, and Mark Walsh hereby enter into this CONSENT ORDER in settlement of the matters alleged herein.

I. Background to Consent Order

1. Dr.'s Own, Inc. ("Dr.'s Own") is a California corporation with a primary address of 261 North Highway 101, Solana Beach, California 92075. Dr.'s Own is not registered to do business as a foreign corporation in Washington. Dr.'s Own sells specialty orthodic products to Good Feet dealers.

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- 2. Joseph P. Paul ("Paul") is a resident of California and was the President of Dr.'s Own at all times relevant to this matter. Paul is also known as Joseph Polifroni and Joseph Politroni (which is actually a misspelling).
- 3. In early 2000, a California couple traveled to San Diego, California to discuss opening a Good Feet Store. The couple met with Paul and Walsh. The group discussed the details of opening a Good Feet Store. The couple was given the option to reserve a territory in Washington or Oregon. Paul told the couple that there was a lot of interest in opening Good Feet Stores and that the two would have to make a decision that day and pay a deposit in order to reserve a territory. The individuals gave Paul a check for \$900. This check was never deposited or cashed.
- 4. On May 18, 2000, the couple signed a written "Good Feet Dealer Agreement" ("Agreement") with Dr.'s Own. The Agreement granted the couple, hereinafter referred to as "Dealers," an exclusive license to use the name "The Good Feet Store" and to sell the Dr.'s Own products in King County, Washington. The Agreement specifies that the name of the store shall be "The Good Feet Store."
- 5. The Agreement includes a provision that the Dealers will not "offer any product other than those supplied by [Dr.'s Own]."
- 6. The Agreement states that Dr.'s Own will provide "printed product brochures, displays, packaging, sales tools... and other promotional material to dealer..." The Agreement prohibits the Dealers from changing or altering these materials in any way. Any outside materials must be approved by Dr.'s Own prior to use.
- 7. Paul told the Dealers that there was an optional training course that they could attend. The Dealers contend that Walsh told them that they would have to attend in order to get a territory. Walsh has disputed this contention. The cost of the class was \$5,990 and on June 13,

2000 the individuals wrote a personal check for \$5,990 to Dr.'s Own, which was deposited into the Dr.'s Own corporate account. Dr.'s Own contests the claim that these funds were actually provided by the Dealers. During the summer of 2000, the individuals attended the training class. The class was given in San Diego, California and was taught by Rosalinda Johnson, Paul's wife.

- 8. Prior to entering into the agreement, the Dealers did not receive any written materials, including but not limited to financial statements of Dr.'s Own or a Uniform Franchise Offering Circular.
- 9. The Dealers opened a store in Bellevue, King County, Washington in August 2000. On March 14, 2001, Dr.'s Own and the Dealers entered into a new agreement that, among other things, expanded the Dealers' territory to include Whatcom, Skagit, Snohomish, Pierce, and Thurston counties. In approximately May of 2001, the Dealers opened another store in Tacoma, Washington.

III. Registration Status

- 10. Dr.'s Own and Paul have not been and are not currently registered to offer or sell franchises in the state of Washington.
- 11. On June 17, 2003, Good Feet Worldwide, Inc. filed an application for franchise registration pursuant to RCW 19.100.040, for the operation of franchised Good Feet stores.

IV. Prior Orders and Tentative Findings

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1. On July 2, 2003, the State of Washington Department of Financial Institutions Securities Division stated certain Tentative Findings of Fact and Conclusions of Law and issued a Summary Order to Cease and Desist to Dr.'s Own, Inc., Joseph P. Paul, also known as Joseph Politroni and Joseph Polifroni, and Mark Walsh, case no. S-03-080 (the "Cease and Desist Order"). No evidence was presented by Dr.'s Own, Inc., Joseph P. Paul, or Mark Walsh prior to the making of such Tentative Findings of Fact and Conclusions of Law. There has not yet been any contested hearing in which there has been an opportunity to be heard on disputed issues and no judge or hearing officer has yet attempted to resolve conflicts in evidence.

- 2. On July 2, 2003, the State of Washington Department of Financial Institutions Securities Division stated certain Tentative Findings of Fact and Conclusions of Law and issued a Stop Order Denying Effectiveness of Franchise Application to Joe Paul, also known as Joseph P. Polifroni, President, Good Feet Worldwide, Inc., case no. S-03-080 (the "Stop Order").
- 3. On July 17, 2003, written requests for a hearing were made as to the Cease and Desist Order and the Stop Order.
- Whether or not the tentative findings and conclusions of law in the Summary Order to Cease and Desist were correct, it is now the intention of the parties to resolve this dispute amicably without further hearing.
 - 5. The Securities Division has incurred costs in this matter.

CONSENT ORDER

Based upon the foregoing and the consent of all parties to the entry of this Order, for the sole purpose of settling this matter prior to a hearing and without admitting or denying any of the tentative findings of fact or conclusions of law:

IT IS AGREED AND ORDERED that:

- 1. The Respondents requests for hearing are hereby withdrawn. Respondents agree to permanently waive any right to a hearing and appeal under RCW 19.100 with respect to this Consent Order.
- 2. The Securities Division hereby vacates the Cease and Desist Order and the Stop Order as to Respondents. The Cease and Desist Order and the Stop Order and any part of them shall not be used for any purpose by anyone hereinafter. No person or entity not a party to this Order may use this Order or any part of this proceeding, including any part of the vacated prior Order, in any other proceeding.
- 3. Respondents, Dr.'s Own, Inc., Joseph P. Paul, also known as Joseph Politroni and Joseph Polifroni, and Mark Walsh, their agents and employees each shall cease and desist from offering or selling franchises in the State of Washington in violation of the Franchise Investment Protection Act. Good Feet Worldwide, Inc., which has a pending franchise registration application, may become registered, subject to the standard registration application review process. If the application is approved, Good Feet Worldwide, Inc. may sell franchises in accordance with the provisions of the Franchise Investment Protection Act.
- 4. Respondents, Dr.'s Own, Inc. and Dr.'s Own, Inc., Joseph P. Paul, also known as Joseph Politroni and Joseph Polifroni, and Mark Walsh, and their agents and employees,

each shall cease and desist from violating RCW 19.100.170, the anti-fraud section of the Franchise Investment Protection Act of the State of Washington. This provision is prospective and does not presume that there has been any previous violation of such provision.

IT IS FURTHER AGREED that Respondents, Dr.'s Own and Paul, shall be jointly and severally liable for and shall pay the Securities Division three thousand one hundred twenty-five dollars (\$3,125) for its costs incurred in its investigation of this matter. Said payment must be made to the Division prior to the entry of this Order.

IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Order.

SIGNED this 20th day of October, 2003.

Signed by:

Dr.'s Own, Inc.

By____/s/ Joseph Paul, Pres____ Joseph Paul, President

Signed by:

____/s/ Joseph Paul_____ Joseph Paul, individually

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4 5	/s/Mark Walsh	
6	Mark Walsh, individually	
7	SIGNED and ENT	ERED this 23 rd day of October, 2003
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10		Deborah R. Bortner Securities Administrator
11 12	Approved by:	Presented by:
13	Quidel E, Stevenson	
14		SusiAl
15	Michael E. Stevenson	Susan H. Anderson
16	Chief of Enforcement	Financial Legal Examiner
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